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**STATE HEALTH PLAN POLICY STATEMENT REGARDING  
CERTIFICATES OF NEED**

Background and Purpose of the Division of Health Planning (the "Division"): The Division was created by statute in 2004 (Tennessee Code Annotated, Section 68-11-1625). As set forth therein, the Division's purpose is "(t)o create a state health plan that is evaluated and updated at least annually. The plan shall guide the state in the development of health care programs and policies and in the allocation of health care resources in the state."

Health Planning Policy: This statute further sets out the policy of the state of Tennessee regarding health planning:

1. Every citizen should have reasonable access to emergency and primary care
2. The state's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies and the continued development of the state's health care industry
3. Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers
4. The state should support the recruitment and retention of a sufficient and quality health care workforce.

Division Duties and Responsibilities: The statute states that the duties and responsibilities of the Division include: "To develop and adopt a state health plan, which must include, at a minimum, guidance regarding allocation of the state's health care resources; and) (t)o submit the state health plan to the health services and development agency for comment." "Guidance regarding allocation of the state's health care resources" directly refers to the development of allocation guidelines for the certificate of need process.

Review of Applications for Consistency with State Health Plan. TCA 68-11-1608 states that the departments of health and mental health and developmental disabilities shall review each certificate of need application whose subject matter or funding is within their respective jurisdictions and that, at a minimum, the reports shall provide, among other things, “specific determinations as to whether a proposed project is consistent with the state health plan.”

Grant of Certificate of Need Guided by the State Health Plan. TCA Section 68-11-1609 (b) states: “No certificate of need shall be granted unless the action proposed in the application is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly development of adequate and effective health care facilities or services. In making such determinations, the agency shall use as guidelines the goals, objectives, criteria and standards in the state health plan.”

Inclusion of Data Reporting Requirements for Successful Certificate of Need Applicants. Through its research the Division has determined that, in order to develop the State Health Plan and to perform the Division’s other duties set out in TCA Section 68-11-1625, purposeful changes must be made to the quantity and quality of health-related information currently available to the state. The Division further has determined that the certificate of need process can and should assist in the assembly of needed data to inform the ongoing development of the State Health Plan. As a result, the Division will include new data reporting requirements for successful certificate of need applicants in the standards and criteria as they are developed. The Division will incorporate this data along with data from other sources into a new centralized data warehouse, the Health Planning Decision Support System (HPDSS).

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The Division is in the process of developing the HPDSS, a centralized health care data warehouse. The HPDSS will support the continual development of the State Health Plan, as well as the health care data analysis functions of other state agencies and departments. Long range plans for the HPDSS provide for the appropriate use of the HPDSS by non-state groups and the public and the sharing of their data and data analysis. Thus, the collection of more and more data will enable the Division to refine and develop the State Health Plan on an on-going basis. In turn, the HPDSS will help further the Division’s Principles Regarding Certificates of Need.

## **STATE HEALTH PLAN PRINCIPLES REGARDING CERTIFICATES OF NEED**

In furtherance of the legislated policy of the State of Tennessee regarding health planning, the Division has developed the following proposed State Health Plan Principles to guide the certificate of need process:

1. Quality of Care.
  - a. Allocation of health care resources in Tennessee will be based on sound research and will be designed to maximize patient outcomes and safety.
  - b. Quality of care in Tennessee will be measured and Tennessee will work to improve the quality of care provided to its citizens.
2. Access to Healthcare.
  - a. Needed services, particularly emergency and primary care services, should be reasonably located and available to all Tennessee residents in a timely manner.
  - b. Current technology should be employed.
  - c. Good health involves more than treatment; it begins with education and illness prevention in the community.
3. Affordability.
  - a. Tennessee's investment in health and healthcare must be sustainable, striving for the most efficient use of resources.
  - b. To manage costs, the costs of care and coverage, and their administration, must be understood.
  - c. Outcomes of care must be measurable, measured, and publicly reported.
  - d. Institutions that provide services to elderly, categorically needy, and indigent patients should be supported.